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## Russian Federation

### Grain and Feed

## Government Increased Wheat Procurement Prices 2008

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**Report Highlights:**

On October 29, 2008, Russian Minister of Agriculture Aleksey Gordeev issued Order #479 to increase the guaranteed procurement prices for class 3 milling wheat from 5,000 rubles per metric ton in the Ural, Siberian, and Far Eastern Federal Districts, and from 5,100 rubles per metric ton in the Central, North-Western, Volga Valley, and the Southern Federal Districts, to 5,500 rubles per metric ton in all federal districts. The National Commodity Exchange (NAMEX) will begin purchasing class 3 wheat at this price on November 6, 2008. The present market price of class 3 wheat in European Russia is 5,300 - 5,440 rubles per metric ton, and in Siberia - 5,800 rubles per metric ton.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Moscow [RS1]  
[RS]

## Ministry of Agriculture Increased Class 3 Wheat Procurement Prices

On October 29, 2008, Minister of Agriculture Aleksey Gordeev issued Order #479, "On Amendments to the Russian MinAg's Order #110 of March 25, 2008", to increase the guaranteed procurement prices for milling quality wheat, Class 3, from 5,000 rubles per metric ton in the Ural, Siberian, and Far Eastern Federal Districts, and from 5,100 rubles per metric ton in the Central, North-Western, Volga Valley, and the Southern Federal Districts, to 5,500 rubles per metric ton in all federal districts.

On October 30, 2008, in accordance with the MinAg's Order #479, the OAO Agency for the Regulation of Food Markets, an agent for the grain procurement interventions<sup>1</sup>, issued a letter confirming the new price for Class 3 milling wheat for the state procurement tenders. The next tenders will be held on November 6, and November 7, 2008. Interventions began on August 19, 2008, and the last tender was on October 29, 2008. From August 19 through October 29, 2008, 22 tenders were held, and 616,785 metric tons of grain were purchased, including 4,860 metric tons of soft milling wheat, Class 3, 181,305 metric tons of soft milling wheat, Class 4, and 303,615 metric tons of soft wheat, Class 5. The government also purchased 10,395 metric tons of milling rye, Group A, and 116,610 metric tons of fodder barley. Milling wheat, Class 3, was purchased at these tenders only twice: 2,700 metric tons were purchased on October 14, and 2,160 metric tons - on October 29, 2008. The market prices for the top quality milling wheat were decreasing in October<sup>2</sup>, but remained more attractive than the procurement prices, and therefore farmers refrained from selling class 3 wheat to the government<sup>3</sup>. The coming November tenders will show, whether, and to what extent increased procurement prices of milling wheat, Class 3, change the situation<sup>4</sup>.

## Relevant Reports

RS8063 The Ministry of Agriculture Opens Grain Procurement Interventions  
<http://www.fas.usda.gov/gainfiles/200808/146295597.pdf>

RS8062 MinAg May Raise Crop Forecast and Begin Procurement Next Week  
<http://www.fas.usda.gov/gainfiles/200808/146295493.pdf>

RS8022 Grain Intervention (Procurement) Prices for 2008  
<http://www.fas.usda.gov/gainfiles/200803/146294105.pdf>

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<sup>1</sup> OAO Agency for the Regulation of Food Markets (AFM) is an entirely state-owned joint stock company, which has the authority to purchase grain as a state agent for the state grain reserve, to conduct grain procurement and commodity (selling) interventions, and to supply agricultural and food products within different intergovernmental agreements or humanitarian aid missions such as the World Food Program of the Organization of the United Nations. For more information see GAIN RS8063 *The Ministry of Agriculture Opens Grain Procurement Interventions*.

<sup>2</sup> The price of class 3 wheat in European Russia decreased in the second half of October from 5,700 – 5,830 rubles per metric ton to 5,300 – 5,440 rubles per metric ton, and in Siberia (behind Urals) the price declined from 6,000 rubles to 5,800 rubles per metric ton. See also GAIN Report RS8083 *Grain Monthly Update*

<sup>3</sup> Farmers start selling grain to the government intervention fund if the market price is close to or below the procurement price. On the other hand, if prices increase sharply, the government can start selling grain from the intervention stocks. See GAIN RS8022 *Grain Intervention (Procurement) Prices* for more information.

<sup>4</sup> For more information on the procurement prices of other grains see GAIN Report RS8063 *The Ministry of Agriculture Opens Grain Procurement Interventions*